

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00
INRE-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 AID-05
CEA-01 COME-00 EB-08 FRB-03 STR-04 TRSE-00 LAB-04
SIL-01 OMB-01 FEAE-00 OES-06 /092 W
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O R 201752Z APR 77
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 3560
INFO AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY BERN
AMEMBASSY TOKYO
AMEMBASSY STOCKHOLM
AMEMBASSY CANBERRA
AMEMBASSY MADRID
OECD PARIS 4473

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DEPARTMENT PLEASE PASS STEVE BOSWORTH

E.O. 11652: GDS
TAGS: EEC, CA, US
SUBJECT: CIEC: US/CANADIAN/COMMUNITY APPROACHES TO THE G-19
BEFORE APRIL 24

1. COMMISSION SOURCES TELL US THAT THE COMMUNITY'S
HIGH-LEVEL GROUP DECIDED APRIL 19 TO REQUEST THAT
THE UNITED STATES APPROACH TO THE G-19 BE MADE ONLY
ON BEHALF OF THE UNITED STATES AND NOT ON BEHALF OF
THE G-8 AND, IN ADDITION, THAT THE US APPROACH BE
MADE VERBALLY RATHER THAN BY MEANS OF A WRITTEN PIECE
OF PAPER. THE HIGH-LEVEL GROUP DECIDED TO PASS THE SAME
REQUEST TO THE CANADIANS (WE ARE FURTHER INFORMED
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THAT THOUGH THE COMMUNITY REPRESENTATIVES FOUND THE
TEXT OF THE US NOTE MORE OR LESS ACCEPTABLE, THEY
THOUGHT THAT THE CANADIAN LANGUAGE WAS NOT PAR-
TICULARLY GOOD). THE COMMUNITY PROPOSES ALSO MAKING
AN APPROACH TO THE G-19 GOVERNMENTS ON AN ORAL BASIS,
AS WE UNDERSTAND, THROUGH THE EMBASSIES OF THE
PRESIDENCY (UK) IN THE CAPITALS OF THE G-19. THE

COMMUNITY WISH THAT THE DEMARCHE BE MADE ORALLY,
RATHER THAN BY WRITTEN DOCUMENT IN ORDER TO AVOID
HAVING CONFLICTING PAPERS CIRCULATING IN THE G-19.

2. THE COMMISSION HAS FURNISHED US A COPY OF THE COMMUNITY
TEXT AGREED IN THE HIGH-LEVEL GROUP AND WE ARE TOLD
THAT IT IS BEING TRANSMITTED TO WASHINGTON AND TO THE OTHER
G-8 CAPITALS BEFORE DELIVERY TO THE G-19. HOWEVER, ON THE
OFF CHANCE THAT WASHINGTON HAS NOT YET RECEIVED IT, IT IS QUOTED
BELOW:

BEGIN QUOTE: RESUMPTION OF THE CIEC - SPEAKING NOTE FOR
COMMUNITY REPRESENTATIVES TO USE WITH REPRESENTATIVES OF
G-19 GOVERNMENTS BEFORE 24 APRIL

THE FOLLOWING IS THE TEXT OF A SPEAKING NOTE FOR USE BY
COMMUNITY REPRESENTATIVES WITH REPRESENTATIVES OF THE
G-19, BEFORE THE RESUMPTION OF THE CIEC. NO PART OF
THESE REPRESENTATIONS SHOULD BE HANDED OVER IN WRITING.
REPRESENTATIVES SHOULD MAKE IT CLEAR THAT THE PURPOSE OF
THE APPROACH IS TO RE-ESTABLISH CONTACT WITH MEMBERS OF
THE G-19. AFTER A PERIOD OF SEVERAL MONTHS' INTERRUPTION
OF THE CONFERENCE, AND TO SET A CONSTRUCTIVE TONE
FOR THE RESUMPTION SO AS TO GET IT OFF TO A GOOD
START. REPRESENTATIVES SHOULD STRESS THE IMPORTANCE
THE COMMUNITY ATTACHES TO STARTING IMMEDIATELY ON 26
APRIL TO TRY TO REACH AGREEMENT ON PARTICULAR POINTS
WHERE POSSIBLE SO AS TO GENERATE A MOMENTUM FOR
SUCCESS:

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A. AT THE EUROPEAN COUNCIL IN ROME OF 25 MARCH, THE
EEC HEADS OF GOVERNMENT TREATED THE "NORTH/SOUTH
DIALOGUE" AS AN ISSUE OF SPECIAL IMPORTANCE. THIS
WAS FULLY REFLECTED IN THE STATEMENT ISSUED ON THAT
OCCASION. THE COMMUNITY'S OBJECTIVE
IN THIS DIALOGUE IS TO FOSTER MORE STABLE POLITICAL
AND ECONOMIC RELATIONSHIPS BETWEEN INDUSTRIALIZED AND
DEVELOPING COUNTRIES.

B. THE COMMUNITY'S APPROACH, WHEN THE CIEC RESUMES
IN PARIS, ON 26 APRIL, WILL CONTINUE TO BE CONSTRUCTIVE
AND POSITIVE. THE COMMUNITY WORKING TO SECURE AN
OUTCOME WHICH WILL BRING THE CONFERENCE TO A CONCLUSION
THAT WILL BE SATISFACTORY TO ALL CONCERNED.

C. DURING THE PERIOD SINCE THE CIEC BEGAN, THERE HAS
BEEN SIGNIFICANT PROGRESS IN A NUMBER OF FIELDS IN
NORTH/SOUTH RELATIONS. DURING 1976, FOR EXAMPLE, WE

HAVE SEEN SUBSTANTIAL PROGRESS TOWARDS A FIFTH REPLENISHMENT OF IDA, AN AGREEMENT ON LIBERALIZATION OF THE IMF COMPENSATORY FINANCING FACILITY AND THE LAUNCHING OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT. THERE ARE PROSPECTS FOR FURTHER PROGRESS, FOR EXAMPLE, IN TRADING RELATIONSHIPS IN THE MULTILATERAL TRADE NEGOTIATIONS AND IN MULTILATERAL FINANCING OF DEVELOPMENT THROUGH THE PROPOSALS FOR AN INCREASE IN THE CAPITAL OF THE IBRD. THERE IS ALSO THE PROSPECT THAT AT THE IMF INTERIM COMMITTEE ACTION MAY BE SET IN TRAIN THAT WILL HELP TO DEAL WITH CERTAIN OF THE PROBLEMS OF DEVELOPING COUNTRIES.

D. ALL THESE DEVELOPMENTS, ACHIEVED OR IN PROSPECT, SHOULD BE SEEN IN THE CONTEXT OF THE NORTH/SOUTH DIALOGUE AND DUE NOTE NEEDS TO BE TAKEN OF THEM IN THE CONCLUSION OF THE CIEC. THIS WILL HELP TO NARROW

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DOWN THE AREAS FOR DISCUSSION IN THE FINAL STAGE TO THE KEY TOPICS ON WHICH, IN THE COMMUNITY'S VIEW, THE

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DEPARTMENT PLEASE PASS STEVE BOSWORTH

CONCLUDING MINISTERIAL SESSION OF THE CIEC FROM 30 MAY TO 1 JUNE SHOULD CONCENTRATE: ENERGY, RAW MATERIALS, TRANSFER OF RESOURCES AND INDEBTEDNESS (SEE POINT BELOW) AND THE PROMOTION AND PROTECTION OF INVESTMENT IN DEVELOPING COUNTRIES. THE COMMUNITY WILL BE PREPARED TO SET OUT ITS POSITION FULLY ON THESE QUESTIONS IN THE COURSE OF THE CONFERENCE.

3. IN THE MEANTIME, IN THE INTERESTS OF CONTRIBUTING TO A MOMENTUM TOWARDS AGREEMENT AT THE CONFERENCE, THE COMMUNITY WISHES TO GIVE A PRELIMINARY INDICATION OF ITS THINKING IN CERTAIN AREAS OF CARDINAL IMPORTANCE.

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F. IN THE FIELD OF RAW MATERIALS, THE COMMUNITY HAS DECLARED ITS VIEW THAT THERE SHOULD BE BOTH COMMODITY PRICE STABILIZATION AGREEMENTS, WHERE APPROPRIATE, AND A COMMON FUND. AS FAR AS RAW MATERIALS' PRICES ARE CONCERNED, THE ACCEPTED PURPOSE OF THESE ARRANGEMENTS WOULD BE TO STABILIZE PRICES AROUND THE LONGER-TERM TREND. THE CIEC OFFERS AN OPPORTUNITY TO ENDORSE THIS CONCEPT WHICH THE COMMUNITY HOPES WILL BE TAKEN AND TO PURSUE FURTHER DISCUSSION OF THESE MATTERS. THE COMMUNITY HAS ANNOUNCED THAT IT WILL STUDY EXPORT EARNINGS STABILIZATION MEASURES FOR DEVELOPING COUNTRIES. THIS IS AN AMBITIOUS PROGRAM, FOR WHICH TIME AND WORK WILL BE NEEDED IN THE APPROPRIATE FORA. IN THE CIEC, THE COMMUNITY HOPES THAT IT WILL BE POSSIBLE TO REACH MUTUAL AGREEMENT TO THE EXTENT NECESSARY TO ENABLE THE PARTICIPANTS TO POINT THE WAY FORWARD FOR THE DETAILED WORK WHICH WILL BE GOING ON IN UNCTAD AND IN OTHER BODIES.

G. PROPOSALS HAVE ALREADY BEEN PUT FORWARD IN THE CONFERENCE FOR AGREED PROCEDURES ON PROBLEMS OF INDEBTEDNESS. IN ADDITION, THE COMMUNITY WILL BE PREPARED TO DISCUSS AT THE CONFERENCE THE POSSIBILITY OF SPECIAL ACTION IN THE FIELD OF TRANSFER OF RESOURCES, WHICH CAN BE CLEARLY IDENTIFIED AS BEING THE RESULT OF THE CIEC, TO HELP TO MEET THE IMMEDIATE NEEDS OF INDIVIDUAL DEVELOPING COUNTRIES, IN PARTICULAR AMONG LEAST DEVELOPED AND MOST SERIOUSLY AFFECTED DEVELOPING COUNTRIES WHERE DEVELOPMENT PROSPECTS HAVE BEEN

SERIOUSLY AFFECTED BY EXTERNAL FACTORS. IF THE QUESTION OF GENERALIZED DEBT RELIEF IS RAISED COMMUNITY REPRESENTATIVES SHOULD REPLY THAT DISCUSSIONS HAVE ALREADY SHOWN THAT MANY COUNTRIES WOULD SEE SERIOUS DISADVANTAGES ON THE MORE FAR-REACHING MEASURES WHICH HAVE BEEN PROPOSED.

H. IN THE COMMUNITY'S VIEW, THERE IS A RESPONSIBILITY
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ON EVERY PARTICIPANT IN THE CIEC, INDUSTRIALIZED AND DEVELOPING ALIKE, TO MAKE THEIR CONTRIBUTION TOWARDS A BETTER INTERNATIONAL ECONOMIC ENVIRONMENT. THE COMMUNITY HAS GIVEN IN THIS APPROACH AND IN ITS PARTICIPATION ON THE CONFERENCE AN INDICATION OF SOME OF THE ELEMENTS IN ITS THINKING ABOUT THE KIND OF CONTRIBUTIONS IT WILL BE MAKING. IT EXPECTS THAT COMENSURATE EFFORTS WILL BE MADE BY OTHER PARTICIPANTS, INCLUDING SUPPLIERS OF KEY RESOURCES (BOTH OF RAW MATERIALS AND ENERGY) TO THE INDUSTRIES AND CONSUMERS OF ALL COUNTRIES. THE COMMUNITY ATTACHES IMPORTANCE TO REACHING A CONSENSUS ON POINTS REGARDING ENERGY WHICH IT HAS RAISED IN THE CONFERENCE. THE COMMUNITY SEES THE CIEC AS AN OPPORTUNITY FOR GREATER RECOGNITION TO BE GIVEN TO SECURITY OF SUPPLIES, STABILITY OF PRICES, AND A HEALTHY CLIMATE FOR INVESTMENT. THESE ARE NECESSARY CONDITIONS FOR A BALANCED AND EXPANDING WORLD ECONOMY. THE COMMUNITY WILL DO ITS UTMOST ON THE CIEC TO CONTRIBUTE TO THESE AIMS. IT HOPES THAT OTHER PARTICIPANTS WILL APPROACH THE RESUMPTION OF THE CONFERENCE IN THE SAME SPIRIT. END QUOTE

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Message Attributes

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